UC 149-2

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F.C.b.

PLAINTIFF'S EXHIBIT

UC-2849

UNION CARBIDE

INTERNAL CORRESPONDENCE

METALS DIVISION

270 PARK AVENUE, NEW YORK, NEW YORK 10017

To (Name)	Mr. R. L. Folkman	Date	October 27, 1980
Division	Building	Originating Dept.	RECEIVED
Location	38th Floor		
Floor Number		Floor Number	OCT 27 1980
Copy to	Dr. F. J. Shortsleeve	Answering letter date	F. J. SHORTSLEEVE
		Subject	1981 Asbestos Budget

The objective set for the Asbestos Business during the St. Louis Budget Meeting is to increase sales income so that rising plant costs are offset, and to project a 1981 percent gross margin equivalent to that now estimated for 1980 (about 30%). The attached revised sales budget will provide the income necessary to meet this objective.

The revisions include the addition of new sales; increasing the volume of some existing accounts and increasing prices by an average of 17.9 percent. John Myers is preparing the necessary requests for authorization to increase prices.

The magnitude of the increase in income required to offset the rapidly escalating costs is a graphic illustration of what is happening to energy costs in California. The actual increases in the cost of energy in California are comparable to what is being experienced everywhere in the Western World, but in California a disproportionate part is passed on to industry and the individual consumer is purchasing energy at less than cost. This has happened quickly and its full impact is not yet clear, but California energy intensive industries may already be non-competitive. Increasing prices as required in the 1981 Budget will be a test of King City asbestos products in this respect.

A significant part of the increased volume in the revised budget is floor tile filler for GAF. We have supplied some product to two GAF locations since Atlas ceased operation. One location is in the east and it is not possible for UCC to compete with Canadian short fiber at this location. Atlas did compete and perhaps this added to their eventual demise. GAF has always been a price buyer and it is likely that GAF will continue to buy from UCC only until they can work out the technical aspects of switching from Coalinga fiber to Canadian short fiber.

All things considered, the risk associated with the budget attached is high. In an attempt to quantify the risk, the price and volume changes have been rated roughly as to the probability of attainment and the ratings are summarized as follows:

	Sales, M$	Cumulative, M$	Probability of Attainment
1980 Fcst IV	7,317	7,317	1.00
	1,447	8,764	.85
	80	8,844	.50
	512	9,356	.25

This is probably an optimistic assessment.

R.W. Rothboly

RWR:ac
Att.

Calidria Asbestos 1981 Sales Budget
(JLM Revised Oct. 27, 1980)

	Product	Budget Tons	Budget $M	CL Prices, FOB Plant, S/T Current	Planned	% Increase
	SG-103-5	1500	198	122	132	8.2
(1)	-7	3600	487	122	132	8.2
(2)	-9	1800	238	122	132	--
	SG-104	10400	1206	106	116	9.1
	-130	200	39	170	194	14.1
(3)	-200	360	63	160	176	10.0
	-210	300	75	220	250	13.6
	HPP	20	4	204	224	9.8
	HPQ	740	185	220	250	13.6
(3)	RG-100	570	399	560	700	25.0
	-110	220	59	240	270	12.5
	-144	400	280	560	700	25.0
	-244	440	1408	2500	3200	28.0
	CSV	3300	594	160	180	12.5
	SHUR	1140	205	160	180	12.5
(4)	UNIVIS	500	90	160	180	--
	Dom. Total	25490	5530			
	SG-100-EX	3100	409	125	132	5.6
	-130-EX	180	34	164	188	14.6
	-210-EX	0	0	—	--	--
	AS-200	1100	174	144	158	9.7
	HPP-EX	2640	533	184	202	9.8
	HPQ-EX	480	120	220	250	13.6
	T-135-P-EX	100	71	648	710	9.6
	RG-144-EX	250	175	560	700	25.0
	SX-14	90	44	390	488	25.1
(5)	RG-244-EX	400	1212	2300	3030	31.74
(6)	SX-24	570	1054	1500	1849	23.27
	Exp. Total	8910	3826			
	Total	34400	9356			
	Average Price Increase					17.9

(1) Assumes 300 Tpm to GAF-lb. and/or Flintkote
(2) Assumes 150 Tpm to GAF-VG
(3) Assumes no commission to Harwick
(4) Assumes Montello finds packager and promotes UNIVIS
(5) Assumes $2800/T for TEC and $3000/T for others
(6) Assumes price of $1700/T on 10/1/80 and $1900/T on 7/1/81

File 1981 Budget asbestos Prices + volume
Filed 11/20/80

See RWR file.

1) Chilean Slag contract

2] Terms of Canadian Commission with UC Chem.

3) Hg for Sennan & Falkner Bahey

3A • Call Podher
• Chilean contract
• Hg.

4) Financial

5) J. Myers ask. budget

Trouble in Floor Tile area -
Trouble in Cal.
Canadians 5% us 9-10%

Domestic SG-103-7	drags 600 Tons	$82,000
SG-103-9	drags 900 Tons	119,000
Unavis	250 Tons	45,000
Total	1750	$246,000
Foreign SG100EX	— 1,200T	158,000
Grant	2150	404,100

offers 5% off took from Canada

UCC 025367